

PRESS RELEASE

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For Immediate Release
October 21, 2003

Department of Insurance Issues Updated Auto Premium Comparison

The Arizona Department of Insurance offers valuable tools to help consumers understand automobile insurance products and to be informed shoppers who can take advantage of competition for their business. The Department just issued the latest edition (Fall 2003) of its "[Automobile Premium Comparison Survey](#)". In addition, the Department publishes "[A Consumer Guide to Automobile Insurance](#)".

The Automobile Premium Comparison Survey

"More than 130 insurance companies actively sell personal automobile insurance in our state, and there is a wide range of products and prices available. This competition among auto insurance companies in Arizona is good for insurance consumers," said Director of Insurance, Charles R. Cohen¹. "We publish the Auto Premium Comparison Survey to illustrate the wide range of companies and prices available in the automobile insurance market to encourage consumers to comparison shop and to give them the opportunity to turn the competition to their advantage."

Prices vary dramatically between companies. As the table below illustrates, it truly pays to shop around. Here's a hypothetical driver (see Hypothetical #7):

An unmarried female, age 43 who drives 15 miles each way to work and has a median (average) credit score and has a 16 year old son who is an occasional operator. Both drivers have a clean driving record. They drive a 2003 Ford Taurus LX, four-door sedan, automatic. The policy quoted is for the legal minimum limits and includes \$5,000 Medical Payments with low deductibles.

Six month premium quotes for above applicant:		
Phoenix:	\$808 to \$8,496	Casa Grande: \$683 to \$7,343
Tucson:	\$797 to \$7,633	Flagstaff: \$656 to \$7,385
Glendale:	\$995 to \$8,253	Nogales: \$683 to \$7,219
Scottsdale:	\$819 to \$8,627	Safford: \$683 to \$7,219
Mesa:	\$817 to \$8,764	Yuma: \$690 to \$6,435

¹ Director Charles Cohen announced his resignation effective October 24, 2003. For more information, see the [Press Release](#) dated August 7, 2003.

The publication several useful features. First, premiums are quoted by 61 insurers² for 12 hypothetical insureds of various ages (ranging from age 21 to 79), driving records and vehicle use, and for 10 cities throughout the state. The 61 insurers that provided price quotations contained in this 17-page publication represent over 50% of the personal automobile insurance market in Arizona.

By finding the hypothetical driver that most closely matches your circumstances, then picking the city closest to your residence, a consumer can get an idea of how different insurers might price a policy for a similarly situated driver. Of course, the actual rates will depend on your individual situation.

The publication also includes information describing basic insurance coverage. "Insurance is a complex financial product. The complicated verbiage of an insurance policy can be challenging," said Cohen. "That's why we include a summary of the different kinds of auto insurance coverages in this publication. It provides fundamental information about an automobile insurance policy to help consumers better understand the product for which they are shopping. It is easier to compare the product from one insurer to another if you are familiar with the various policy features."

It is important for consumers to consider service as well as price. Therefore, the final component of the publication is *complaint ratios*. The semi-annual premium comparison publication now includes auto insurance complaint ratio information for each insurer listed. Complaint ratios are one indicator of customer satisfaction. The complaint ratios represent the total number of written complaints regarding auto insurance received by the Department for each 1,000 exposures an insurer has in force in Arizona. It is important to note that the complaint data contained in this publication does not reflect a determination by the Insurance Department regarding the merits of each complaint. The Department receives many complaints each year but not all complaints prove to be justified upon investigation. However, the ratios are useful when viewed in comparison to each other and to other relevant information about the insurer and its products.

A Consumers Guide to Automobile Insurance

This pamphlet contains essential tips on how to shop for insurance, including what money saving discounts to ask about, explains why people should buy automobile insurance, what kinds of coverage are required, and what to do if you cannot obtain insurance.

Other Tips

"While the information contained in the survey is helpful for prospective insurance purchasers, I strongly recommend that consumers ask their professional insurance producers about coverage details," Cohen said. "As always, consumers should read the insurance policy, and should not hesitate to ask questions."

There are limited reasons for which an insurer is permitted to cancel or non-renew an auto insurance policy under Arizona law. However, consumers should be aware that when you buy a new auto insurance policy or switch to a new insurance company, the auto insurer may cancel the policy for any reason³ within the first 60 days after the policy becomes effective. Therefore, it is important for shoppers to be accurate and thorough when applying for auto insurance so that the insurer and insurance agent can correctly determine the premium and eligibility for the coverage.

To obtain any of the Department's free publications, many of which are available in Spanish, call or visit our website: (602) 912-8444 in Phoenix, or statewide (800) 325-2548, or www.id.state.az.us.

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² Due to space limitations, premiums for all insurers that write private passenger auto business are not included in this publication.

³ Except they may not cancel because of the location of residence, age, race, color, religion, sex, national origin or ancestry of anyone who is an insured.